



BEFORE THE STATE BOARD OF EQUALIZATION
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of }
CUASTI ESTATE COMPANY }

Appearances:

For Appellant: Ralph Smith, Attorney; Jones, Accountant

For Respondent: Chas. J. McColgan, 'Franchise Tax Commission.

OP _IN _ION

This is an appeal pursuant to Section 25 of the Bank and Corporation Franchise Tax Act (Chapter 13, Statutes of 1929, as amended) from the action of the Franchise Tax Commissioner in overruling the protest of Guasti Estate Company, a corporation, to a proposed assessment of an additional tax in the amount of \$85.34, based upon the return of the above corporation for the taxable year ended December 31, 1931.

The sole issue involved in this appeal is whether dividends received from Transamerica Corporation, either in whole or in part, are deductible under Section 8(h) of the Act which provide: that from gross income there shall be deducted:

"Dividends received during the taxable year from income arising out of business done in this state; but if the income out of which the dividends are declared is derived from business done within and without this state, then so much of the dividends shall be allowed as a deduction as the amount of the income from business done within this state bears to the total business done."

In the appeal of Corporation of America (decided by this Board on May 12, 1932) there was presented for our determination a problem similar to the problem involved in the instant appeal. We there held that dividends received from Transamerica Corporation could not be regarded, for the purposes of the Act, as dividends received from income arising out of business done in this State, and hence, that such dividends were not deductible from gross income under the provisions of Section 8(h) of the Act above quoted.. This decision, we think, controls, our determination in the instant appeal.

O R D E R

Pursuant to the views expressed in the opinion of the Board on file in this proceeding, and good cause appearing therefor,

Appeal of Guasti Estate Company

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that the action of the Franchise Tax Commissioner in overruling the protest of Guasti Estate Company, a corporation, against a proposed assessment of an additional tax in the amount of \$85.34, based upon the net income of said corporation for the year ended December 31, 1931, be and the same is hereby sustained.

Done at Sacramento, California, this 3rd day of June, 1933,
by the State Board of Equalization.

R. E. Collins, Chairman
Fred E. Stewart, Member
Jno. C. Corbett, Member
H. G. Cattell, Member

ATTEST: Dixwell L. Pierce, Secretary